

Congressman David N. Cicilline (RI-01)
Testimony to the Subcommittee on Commerce, Justice, Science, and Related Agencies

Thank you Chairman Wolf, Ranking Member Fattah, and members of the Subcommittee on Commerce, Justice, and Science for affording me the opportunity to provide testimony before you today. While there are so many vital programs and initiatives under the aegis of this subcommittee – activities in law enforcement, economic development, and science research that keep our communities safe and advance the growth of our economy – I am here today to speak on three programs that are vitally important to creating jobs and growing the economy in my state and in our nation. Within the Department of Commerce, the President's Fiscal Year 2012 Budget proposes \$143 million for the Hollings Manufacturing Extension Partnership, \$526 million for the International Trade Administration, and \$325 million for the Economic Development Administration to support programs authorized by the America COMPETES Reauthorization Act. These are critically important investments to sustain our nascent economic recuperation, particularly for the State of Rhode Island where our recovery remains fragile.

Today, in the State of Rhode Island, there are 40,400 individuals employed in the manufacturing industry. A decade earlier in 2000, the Ocean State's manufacturing employment level was 71,000. Rhode Island was the first state in the Northeast to enter the economic recession, and over the course of the three year downturn 11,900 manufacturing jobs were lost – the largest employment decline among all industries in the state. However, despite these losses manufacturing currently represents the third largest share of private employment, and the average wage for an individual employed in manufacturing is \$47,199 – that is a wage that surpassed both the state and national average in 2009. When one considers the multiplier impact of manufacturing in Rhode Island, it becomes all the more evident just how vital this industry is to the state's economy. By some accounts, the manufacturing multiplier is 2.4 – which means manufacturing in Rhode Island accounts for more than 33% of employment and more than \$6 billion in wages.

If this vital economic engine is to be sustained, we must continue our investments in programs that will help manufacturers compete in a global economy, retool to be more efficient and effective businesses, and retrain the workforce so that skill-sets utilized in declining sectors can be transferred to those that are expanding. Industry outlooks through 2018 in the State of Rhode Island indicate that certain sectors of the manufacturing industry are projected to decline over the next several years. Those sectors that could experience the largest decline include manufacturing of apparel, textiles, plastics, rubber, paper, and machinery. However, those sectors that are projected to experience growth include manufacturing of computer and electronic products, food, chemicals, and transportation equipment.

Through the Hollings Manufacturing Extension Partnership, small and medium sized manufacturing firms are given the tools and expertise to improve productivity and competitiveness. Since 1996, 750 manufacturers have worked along-side partners and experts at Rhode Island Manufacturing Extension Services (RIMES) – that is more than 40% of all manufacturers in state. Partnering with state economic development and workforce agencies, as well as private-sector entities, RIMES has produced astounding economic benefits for the state and our manufacturing industry. Independent, third-party surveys show that over the last four

years, RIMES has helped generate more than \$16 million in increased sales, 320 new jobs, and 805 retained jobs. Even during the midst of the worst economic downturn since the Great Depression, thanks to the work of RIMES, more than \$6 million in increased sales were achieved and 586 jobs created.

During this time when Congress must make the tough choices required to lower the deficit and cut spending, we must sustain those investments that help us create jobs, innovate for the future, and remain competitive in the global marketplace. The Hollings Manufacturing Extension Partnership helps strengthen our economy, enhances our competitiveness and leads to robust job growth. For every \$1 of federal investment, the Manufacturing Extension Partnership delivers \$32 in economic growth. Furthermore, the MEP is not just a funding program; rather, it is an initiative that is designed to help companies develop sound business improvement plans, increase productivity, and generate measurable results.

Yet, beyond helping American manufacturers retool and increase efficiency, if our nation is going to compete in the global economy we must guarantee that manufacturers are not disadvantaged by an uneven playing field in foreign trade, and we must ensure they have the export assistance services they need in order to access foreign markets.

According to the World Institute for Strategic Economic Research, in 2009 Rhode Island's manufactured exports totaled \$1.5 billion, comprised of more than \$178 million in manufactured commodities, more than \$184 million in computer and electronic products, and more than \$135 million in machinery. If businesses, particularly manufacturers, are going to be able to compete in the global economy they must have increased access to the global market.

The International Trade Administration (ITA) within the Department of Commerce provides America's businesses with access to trade specialists and industry and market access experts through their Export Assistance Centers. Moreover, the ITA plays a critical role in monitoring the compliance of foreign countries with trade agreements with the United States, while also working to identify potential obstacles American businesses may confront in accessing foreign markets. In Rhode Island in 2010, the export assistance center was working with almost 1,000 active company contacts. Between 2008 and 2009, Rhode Island manufactured exports increased by 36% to \$1.5 billion. Research from the Department of Commerce indicates that for every additional \$100,000 in annual export sales, one new job is created. For Rhode Island, that meant 5,400 jobs created or retained in our economy in 2009.

Through the Hollings Manufacturing Extension Partnership and the ITA, as well as programs conducted through the Economic Development Administration, federal funds are effectively leveraging resources from state and local governments as well as the private sector. Again, as we work to cut spending we have to be sure it's not at the expense of initiatives that create jobs, bolster our economy, and allow American manufacturers and businesses to innovate and compete. While we look for ways to reduce our spending, we have to make sure that we're doing it in a way that invests in our future. America cannot compete in the short-term if we cannot innovate, and we cannot innovate in the long-term if we fail to make the necessary investments in science, technology, and capacity building – such as those authorized through the America COMPETES Reauthorization Act.

The economic recovery of my District, the State of Rhode Island, and the nation as a whole demands that we work collaboratively and focus our energy and resources on those initiatives that will help spur job growth now, while providing our workers, our entrepreneurs, and our businesses – particularly smaller enterprises and manufacturers – with the tools they need to compete in the global economy. I respectfully urge this subcommittee to fully fund these critically important economic initiatives at the levels requested in the President's Fiscal Year 2012 Budget.